

Foothill Transit Executive Board

MINUTES

The Regular meeting of the Foothill Transit Executive Board was held Tuesday, September 28, 2007, at the Foothill Transit Board Room, 2nd Floor, 100 South Vincent Avenue, West Covina.

President Paula Lantz, called the meeting to order at 8:09 a.m. The following members were present, constituting a quorum of the Executive Board:

Paula Lantz, President
Peggy Delach, Vice President
Michael De La Torre
John Fasana
Lola Storing

Staff and Guests present:

Doran Barnes, Executive Director
Kevin McDonald, Deputy Executive Director
Darold Pieper, General Counsel
Peter Papadakis, Deputy Secretary

Pledge of Allegiance

President Lantz led those present in the Pledge of Allegiance.

Recognized Nick Pomenrantz, , and welcomed him back to Foothill Transit. Also, the Executive Board will adjourn today in memory of Philip Marcellin, Councilmember, City of Industry, who passed away this past weekend.

APPROVAL OF MINUTES FOR THE REGULAR MEETING OF JULY 31, 2007

The regular meeting minutes of July 31, 2007 were approved as submitted.

Motion:	Vice President Delach, seconded by Member Fasana
Vote:	Unanimously carried

PUBLIC COMMENT

There was none.

PRESENTATIONS:

Contractors' Employee Awards

Wayne Fritz, General Manager, introduced and recognized the following awardees: Hugo Vargas, August Employee of the Month; and Marie Scott, August Operator of the Month, Irwindale/Arcadia First Transit.

Peter Greenberg, General Manager, introduced and recognized the following awardees: Orelia Lujan, July Operator of the Month; Silvia Higueros, August Operator of the Month; and Carlos Velasquez, Employee of the Quarter, Pomona First Transit.

Executive Director Doran Barnes introduced the Veolia location Employee of the Quarter, Isabel Soltero, El Monte Transit Store Manager. The store has received two perfect audits in a row over the past two quarters.

Introduction of New and Promoted Staff

Cristina Garcia, Customer Service Representative; Kimberly Sandoval, Marketing and Communications Assistant; Viviana Romo, Operations Administrative Assistant; Paul Diaz, PC Support Specialist/Help Desk Administrator; David Suarez, Operations Applications Specialist; Denise Guerra, HR and Administrative Assistant; and Jaime Becerra, Director of Safety and Security.

Perfect Check Awards

George Karbowski, Director of Operations and Maintenance, reported that ITSI is no longer in business, and he provided a power point presentation on the April – May Perfect Check Awardees; 75 perfect checks were recorded.

The Executive Board commended all awardees, and new and promoted staff.

CONSENT CALENDAR:

The Executive Board adopted Consent Calendar agenda items 7 – 17.

Motion: Member Fasana, seconded by Member Storing
Vote: Unanimously carried

REGULAR AGENDA:

“GREEN” MARKETING CAMPAIGN REPORT

Linda Somilleda, Director of Marketing and Communications, reported that the Foothill Transit WE DRIVE campaign has evolved over the past ten years into a well-

established and recognizable brand. The new general marketing campaign is WE DRIVE Clean. The graphic elements that define the campaign are birds, flowers and blue, green, orange and gold colors consistent with clean air and a clean environment.

Research shows that a very small percentage of people choose public transportation solely for environmental reasons, but it can be one of the reasons. The purpose of the green campaign is to clearly identify the connection between Foothill Transit and environmental benefits. The effects of the campaign are threefold:

1. It supports current customers' decisions to ride Foothill Transit, and makes them feel good about their choice;
2. It makes a connection between Foothill Transit and environmental benefits for those who are not riding, and it makes them feel good about Foothill Transit; and
3. It gives those who are considering Foothill Transit, one more reason they need to give it a try.

The Green Campaign will continue to be phased in, incorporating clean air and traffic congestion management facts, as new materials are created and older ones are updated.

Vice President Delach commended staff on a fabulous campaign.

The Executive Board received and filed the "Green" Marketing Campaign Report.

Motion: Member Fasana, seconded by Member De La Torre
Vote: Unanimously carried

FISCAL YEAR 2007 FINANCIAL AND COMPLIANCE AUDIT RESULTS

Richard Hasenohrl, Director of Finance, reported that the accounting firm of Lance, Soll and Lunghard LLP has completed their audit of Foothill Transit's balance sheet as of June 30, 2007 and the related statements of revenues, expenses, and cash flow. The audit was performed for the purpose of forming an opinion regarding Foothill Transit's financial statements.

In addition to the financial audit, Lance, Soll and Lunghard LLP, has completed an audit of Foothill Transit's compliance with the Single Audit (Office of Management and Budget Circular [OMB] A-133) guidelines mandated by Foothill's receipt of federal funds, the Transportation Development Act, and the rules and regulations of the Los Angeles County Metropolitan Authority.

There were no reportable material weaknesses concerning the audit results. Mr. Hasenohrl introduced Rich Yikuchi of Lance, Soll and Lunghard LLP, who reported that an outside financial audit was performed and Foothill Transit's balance sheet and Single Audit Reports are in full compliance.

The Executive Board received and filed the Fiscal Year 2007 Financial and Compliance Audit results (copy on file).

Motion: Member Fasana, seconded by Member De La Torre
Vote: Unanimously carried

HOLLYWOOD BOWL PARK AND RIDE SERVICE UPDATE

George Karbowski, Director of Operations and Maintenance, reported that the 85th Hollywood Bowl season has ended. Foothill Transit has provided transit service for the last 17 years. More than 80 Bowl events were served by Foothill Transit, and about one of every 25 ticket holders rode Foothill buses.

The Executive Board received and filed the Hollywood Bowl Park and Ride Service Update (copy on file).

Motion: Vice President Delach, seconded by Member Fasana
Vote: Unanimously carried

WEST COVINA PARK AND RIDE

Bob Arthur, Director of Special Projects, reported that several phases of the West Covina Park and Ride, by Watry Design Inc., have been completed. During this phase of studies it was discovered that there is a 60' storm drain that transects the northwest corner of the property. The ALTA Survey map provided as part of the purchase of the property did not show this utility nor, at this time, has an official easement agreement for the line been located. Watry is developing options concerning the storm drain for Foothill Transit to consider that will provide the least impact on the project in terms of both time and costs.

The final phase of the engineering design requirements for this project is being completed, and final plans and specifications for the Precise Plan should be presented to the Executive Board at its October 2007 meeting.

Following discussion on the 60' storm drain, the Executive Board received and filed this status report on the West Covina Park and Ride project (copy on file).

Motion: Vice President Delach, seconded by Member Storing
Vote: Unanimously carried

SOLE – SOURCE CONTRACT AWARD – GIRO, INC.

Rahul Kumar, Director of Planning, reported that in 2001, Foothill Transit chose Giro as its highest rated vendor for the provision of scheduling software. Their Hastus software has provided Foothill Transit's Planning staff with the ability to better schedule routes,

and provides the data necessary for the SMARTBus system to function. The 2008 version of Hastus is available and contains many features that will greatly benefit Foothill Transit. This version will include upgrades to all of Foothill Transit's current scheduling modules (data on file).

The total price for the upgrade to the 2008 version of Hastus is \$383,856. This includes upgrades to all current Foothill Transit scheduling modules and the addition of the Rider and ATP modules. A sole-source contract award is recommended for the following reasons:

- No other vendor can upgrade Giro Hastus' proprietary scheduling modules;
- Foothill Transit's SMARTBus system is fully functional with Hastus data, a new interface would need to be generated in order to make it functional with Foothill's system. In addition to the longer timeframe, costs and other expenses are not included in the current project budget.

Funding for this project is included in the approved FY 2008 Capital Budget.

The Executive Board authorized the Executive Director to enter into a sole-source contract in the amount of \$383,856 with Giro, Inc., to upgrade Foothill Transit's existing Hastus scheduling software, and negotiate final contract terms and conditions.

Motion: Member Fasana, seconded by Member Storing
Vote: Unanimously carried

PROPOSED FARE CHANGES

Rahul Kumar reported on proposed fare increases in FY 2008; a power point presentation was provided.

Foothill Transit raised and restructured its fares in July 2005. As part of this change, most discounted fares were normalized to 50 percent of the base fare. Additionally, pass prices were adjusted in line with increases in operating expense. A second phase of the fare increase that included slight adjustments in pass prices went into effect in July 2006.

The outcome of the increase was positive. However, while fare revenue has increased slightly, the gap between operating costs and fare revenue has continued to widen. Any fare changes put into effect this year will affect subsidy funding in FY2010 and subsequent years. Without an adjustment to Foothill Transit's fares and total fare revenue, projections for FY 2010 and beyond show a significant reduction in Foothill Transit's subsidy funding. This loss is in part due to the fare increase implemented by Los Angeles County Metro on July 1, 2007.

The key issue is the Formula Allocation Procedure (FAP), which currently provides the balance of operating revenue to augment Foothill Transit's farebox revenue. One-half of the funding that comes from the FAP is based on the ratio of total fare revenue to the local adult (base) fare. Thus, the more fare revenue collected without increasing the base fare, the greater the FAP funding. Metro's most recent fare increase proposal is projected to result in a 19 percent increase to their overall fare revenue, with no change to their current base fare of \$1.25. The resulting impact to Foothill Transit is estimated at a loss of over \$4.8 million in FY 2010. This will be compounded in subsequent years if no action is taken by Foothill Transit.

With the potential loss of funding, a review of Foothill Transit's fare structure has been completed with a variety of options to increase fare revenue created. While each option can be approved individually, the full subsidy funding loss cannot be overcome without a 15 percent fare increase in overall fare revenue while holding the base fare at its current level.

The following options (copy on file) were briefly explained: (1) Eliminate Discounts on Commuter Express Service; (2) Normalize Discounts on Local Service; and (3) Increase all non-local fares and eliminate discounts on Commuter Express Service. The current and proposed fares were outlined. Increasing all non-local fares, normalizing discounts, and eliminating discounts on Commuter Express service will result in an estimated increase of \$2.5 million in annual fare revenue. In addition, the increased fare revenue will increase fare units resulting in an increase in subsidy funding in FY 2010 in line with Los Angeles Metro.

Discussion ensued on the current review of unproductive service to determine where impact to customers can be minimized, and the Executive Board offered suggestions, including the incremental phase in of fare increases, eliminate Silverstreak discounts, and lower local fare increases.

Doran Barnes, Executive Director, advised that staff recommends that upon approval by the Executive Board, the Governing Board will be asked to authorize the Executive Director to conduct public hearings regarding fare increases in FY 2008, and following the review of community input, the Governing Board will be asked to approve final proposed fare increases.

The Executive Board recommended that the Governing Board authorize the Executive Director to conduct public hearings regarding fare increases in FY 2008.

Motion: Vice President Delach, seconded by Member De La Torre
Vote: Unanimously carried

BOARD MEMBER AND EXECUTIVE DIRECTOR COMMENT

Member De La Torre commended Foothill Transit staff for hosting the Artist Reception

and Open House; Member Storing and Vice President Delach concurred. In response to Member Fasana, Mr. Barnes advised that staff is looking at local service levels.

Doran Barnes thanked the Executive Board for attending the Artist Reception and Open House, referred to the Foothill Transit bus model replica on the second floor lobby and thanked George Karbowski for his efforts, welcomed Peter Greenberg, General Manager, First Transit at Pomona, commended and offered a fond farewell to Peter Papadakis, Deputy Secretary, who is transferring to another County position, noted that the CA Transit Association has filed litigation regarding an illegal transfer of monies, and announced that Kevin McDonald, Deputy Executive Director, will be participating in an International Transit Study mission visiting transit services in Canada and Western Europe.

CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Initiation of litigation pursuant to Government Code Section 54956.9 (c): One Case

The Executive Board recessed to Closed Session at 9:30 a.m.
The Executive Board reconvened at 9:48 a.m.

Darold Pieper, General Counsel, reported that the Executive Board met in Closed Session and advised that no reportable actions were taken.

CONTRACT AMENDMENT – CONSTRUCTION GENERAL CONTRACTOR SERVICES FOR THE NEW ADMINISTRATIVE OFFICES

Bob Arthur, Director of Special Projects, reported that staff, along with special legal counsel and Foothill Transit's project management oversight contractor have reviewed and recommend approval of change orders totaling \$46,895. The subjects of these Change Orders as well as the individual costs are set out in Attachment A (copy on file). The review team recommends that each of these Change Orders be approved by the Board and that payment to SCG be authorized.

A financial claim for a portion of this group of Change Orders will be made against the A&E team. Additionally, it should also be noted that the Foothill Transit review team has rejected to date over two dozen change orders submitted by SCG totaling over \$200,000 because it was determined that the majority of these resulted from errors by either SCG or its subcontractors.

The Executive Board authorized approval of Change Order Nos. 69, 111, 133, 165, 177, 178, 180 and 181 in the cumulative amount of \$46,895 and authorized immediate payment to Steton Construction Group (SCG).

Motion: Member Fasana, seconded by Member De La Torre
Vote: Unanimously carried

ADJOURNMENT

There being no further business, the Executive Board adjourned at 9:52 a.m. in memory of Philip Marcellin, Councilmember, City of Industry, who passed away this past weekend.